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UNCLAS MADRID 000187

SIPDIS

E.O. 12958: N/A

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SUBJECT: FSC/ETI DISPUTE

REF: SECSTATE 11149

1. EconOff discussed reftel demarche with Subdirector General for EU Trade Policy (Ministry of Industry, Trade and Tourism) Nicolas Lopez on 1/19/05. Lopez said the GOS was still studying its "posture" on the automaticity issue, although he conceded that in the past, Spain had not opposed the Commission's automaticity provision. He said that Germany and the United King opposed the Commission on this matter. Spain would like to find a "compromise" between Germany/United Kingdom and the Commission, but it will not be particularly active on this issue. Lopez said the FSC, among other matters, would be discussed during the Friday, 1/21/05 EU 133 meeting, which he will be attending. Lopez said that he was aware that the U.S. calculates that the grandfathering provisions may amount to about USD 75 million a year, but he said the Commission calculates that the grandfathering provisions are worth in the billions of dollars. However, Lopez could not provide a more precise number or describe how the Commission had arrived at this much higher estimate.

2. Comment: Although Lopez has always said that Spain would not like to see sanctions imposed on the FSC matter, the GOS is clearly more sympathetic to the Commission's position than to the views of Member States such as Germany and the United Kingdom.

MANZANARES